

**Document 1 – Framework and Guiding Principles for Inclusionary Zoning in Ottawa**

Section 4.2.5 of the New Official Plan directs the City to implement Inclusionary Zoning as a “priority measure.” The New Official Plan also takes the first steps toward implementation by designating 26 areas around higher-order transit as Protected Major Transit Station Areas (PMTSAs).

As a result, an Inclusionary Zoning framework is imminent. As the City engages with stakeholders and the public and crafts a final framework, it shall respect the following guiding principles and priorities:

**1. Definition of “affordable”**

“Affordable” in the context of inclusionary zoning rental units is defined as the lesser of (a) the average market rent for the unit by number of bedrooms in the regional market area; and (b) rent priced at 30% of the gross income for households in the 60<sup>th</sup> income decile for renter households. The average market rent by number of bedrooms will be updated annually based on the most recent CMHC rental market report. .

“Affordable” in the context of inclusionary zoning ownership units is defined as the lesser of (a) the market value of the unit; and (b) the price calculated as affordable to the 60<sup>th</sup> income decile for all households in the assessment report.

Once inclusionary zoning is implemented, the City is required to establish a procedure for maintaining affordability over the course of the affordability period.

**2. IZ Framework for the City of Ottawa**

Table 1: Proposed IZ Framework for the City of Ottawa

<b>Policy Area</b>	<b>Staff Recommendation</b>
A. Development Threshold	50 units or 3,500 m <sup>2</sup> residential gross floor area
B. Affordability Period	99 years for ownership units, 25 years for purpose-built rental units
C. Eligibility	Eligible households will be households in moderate income deciles or, where benefits are to be stacked, lower deciles as appropriate. For rental units, this would currently include households earning between \$32,433 to \$64,456 per year. For ownership units, this would currently include households earning between \$61,646 and \$117,109 per year.

	Deciles will be determined in the assessment report, as regularly updated.
D. Set-Aside Rates	10% of unit GFA for ownership developments City-wide.  0% of unit GFA for purpose-built rental developments City-wide.  Set-aside rates are subject to further scrutiny once market analyses of each PMTSA have been completed before the first statutory review.
E. Offsite Units	Contemplated by the Official Plan, but generally discouraged.
F. Net Proceeds from Sale of Affordable Units	Official Plan will permit collection of “up to 50%” of the proceeds only for the first sale after the affordability period has expired or is terminated.
G. Transition	1 year

**3. Equity**

The City shall take an equity lens to inclusionary zoning. The City acknowledges that the affordable housing crisis affects all residents, but that women and racialized people are disproportionately impacted. The City will apply an equity lens when developing eligibility and selection criteria to ensure that those who have been marginalized receive meaningful opportunities for affordable housing.

Affordable units shall be virtually indistinguishable from the accompanying market units in the same development. Specifically, affordable units shall be constructed and outfitted with materials and finishes that are of the same quality as the market units in the same development. Tenants and Owners of affordable units shall have access to the same entry points, exits, amenity spaces, and common areas as the other tenants or owners in the building. Tenants and Owners of affordable units shall also have equal opportunity to access paid-for amenities, where they exist, as other tenants and owners in the development.

**4. Tenant and Owner Selection Process**

The City shall create an equitable process for tenant and owner selection that includes a minimum advertising period, minimum application period and eligibility criteria. Such a process shall also ensure that, for purpose-built rental developments, the owner of the unit has some input on tenant selection.

Notwithstanding the foregoing, the City understands the importance and convenience of being able to transfer ownership or leases between immediate family members, including common law spouses. The City’s inclusionary zoning framework shall include a process for such a transfer, provided the transferee is also considered eligible, without going through the City’s selection process.

The City's inclusionary zoning framework shall require that the eligible household occupy the unit.

#### **5. Maintaining Eligibility**

Affordability is a barrier to entry. Where, over time, a household would no longer be considered eligible for the unit that it occupies, there is no consequence.

#### **6. Tenant and Owner Rights and Responsibilities**

Inclusionary zoning adds affordable units to market and allows the City to select and monitor who can occupy those units. By consequence, the City helps to facilitate the transfer of a unit from one tenant or owner, including ensuring that the unit remains affordable.

Beyond this, the tenants and owners of an affordable unit have the same rights and responsibilities as the other tenants and owners in the building. Tenants of affordable units will, for example, be subject to the *Residential Tenancies Act* and be responsible for upholding the terms of their lease agreement. Owners of affordable units will, for example, be subject to the relevant Declaration of Condominium, be required to pay the relevant fees and property taxes, and be responsible for any upgrades or repairs to the unit.

#### **7. Valuation of the Units at the time of Transfer**

The City is committed to its definition of "affordability" found in the proposed framework, in the Official Plan, and summarized above. Regular updates to the assessment report will determine those values, and those values will not be exceeded regardless of any renovations within the unit during the period of affordability.

#### **8. Large Units and Accessible Units**

In implementing inclusionary zoning, the City shall prioritize, whenever possible, large (i.e., three or more bedrooms) or accessible units being made affordable. This approach is meant to ensure that households with multiple children, generations and accessibility needs can find appropriate affordable housing.

In crafting Inclusionary Zoning policies and implementing same, the City is committed to increasing the supply of affordable accessible units that meet the City's Accessibility Design Standards.

#### **9. Offsite Units will be Discouraged**

Separation of affordable units from their market counterparts in the parent development compromises the principle of equity and fosters social fragmentation. The City will only consider a Zoning By-law Amendment for the provision of offsite affordable units where there is a demonstrated net benefit that could not otherwise be achieved without undue hardship. Such benefits, subject to the discretion of Council, may include:

- a. A greater area of affordable units can be achieved, or a better mix of unit types can be achieved.
- b. A greater number of accessible units can be achieved.
- c. The affordable units will be conveniently co-located with civic amenities or other essential services.

Notwithstanding the above, where offsite units are permitted, they must be provided in the same PMTSA as the market unit.

#### **10. Future Adjustment of Set-Aside Rates**

The City shall, before the end of 2024, undertake a market analysis of all 26 PMTSAs and subsequently propose area-specific set-aside rates that optimize inclusionary zoning while maintaining residential development viability. An additional transition period may be proposed at the time.